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RUEHBUL/AMEMBASSY KABUL 1709
RUEHLO/AMEMBASSY LONDON 1647
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1716
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SUBJECT: BUMPS ON THE SILK ROAD: TAJIK PRESIDENT RAHMONOV PROMOTES
RELATIONS WITH INDIA

DUSHANBE 00001555 001.2 OF 002

¶1. SUMMARY: President Rahmonov conducted a five-day state visit to India from August 6-10, his first trip to India since 2004. Rahmonov sought to bolster flagging economic relations between India and Tajikistan, encouraging Indian investments in hydro power projects. The two countries signed five memoranda of cooperation on economic and technical issues. This cable highlights the Tajik press reports on the visit. End Summary.

NEW AGREEMENTS

¶2. According to media reports, President Rahmonov was given a ceremonial welcome August 7 and formally greeted by Indian President A P J Abdul Kalam and Prime Minister Manmohan Singh. Speaking to reporters after the ceremony, Rahmonov said he looked forward to enhancing inter-governmental and economic ties between the two countries. According to President Rahmonov, Tajikistan considers India one of its main strategic partners.

¶3. Five agreements were signed, covering energy cooperation; cultural, scientific and technical cooperation; consultations between MFAs; and cooperation between the Councils of Foreign Affairs of India and Tajik Academy of Sciences. Additionally, the Government of India granted \$13 million in assistance to rehabilitate a 12MW power plant at Varzob near Dushanbe. Important to the Indian side, Tajikistan expressed its willingness to support India as a candidate for permanent membership in the United Nations Security Council.

TALKING TRADE

¶4. Meeting with Prime Minister Singh, President Rahmonov highlighted the bilateral development on military and

inter-parliamentary cooperation but noted that the two countries' economic cooperation does not meet its potential. Trade between the two nations decreased from \$30 million in 2002 to less than \$1.5 million in 2005. According to Daily India, President Rahmonov invited the Indian side to participate in the construction of the Rogun and Dashtijum hydropower projects in Tajikistan. The Indian Ambassador commented to the press, however, that India has no specific plans to participate in the large hydro energy projects in Tajikistan.

¶15. President Rahmonov met with several business and trade associations August 7 to discuss trade, economic and cultural issues. The participants discussed setting up Tajik-Indian joint ventures for processing precious stones and cotton fiber. President Rahmonov pledged support for Tajik-Indian trade, economic and political relations "in every possible way."

¶16. On August 8, Rahmonov addressed a conference at the Indian Council of World Affairs on "Tajikistan and the Vision of Central Asia." Two volumes of the English translation of noted Tajik scholar Bobojon Gafurov's seminal work "Central Asia: Pre-Historic to Pre-Modern Times," were released on the occasion.

A LIMITED BUT COOPERATIVE RELATIONSHIP COULD EXPAND

¶17. Tajikistan and India already cooperate on a limited basis on military and social issues. India is currently reconstructing the Ayni airport, situated 10-15 km to the west of Dushanbe. India's Border Roads Organization is building three hangars there. According to BBC, the facility's reconstruction will be completed by the end of 2006.

¶18. India supports several projects to develop human resources and technical capacity in Tajikistan, including the Bedil India-Tajikistan Centre for Information Technology, inaugurated July 18 in Dushanbe. India also helps train Tajik nationals in

DUSHANBE 00001555 002.2 OF 002

various Institutes in India under the India Technical and Economic Cooperation program, as well as training of military personnel in defense institutes.

¶19. At various stops during the visit, President Rahmonov suggested tourism, pharmaceuticals, construction, agriculture, hydro-energy, food supplies, and minerals, as areas to drive the bilateral trade. (NOTE: Reports did not mention two Indian-backed projects which have moved very slowly: a five-star hotel that has encountered numerous problems with the Dushanbe Mayor's office, and an Indian-financed juice factory that has not come on line eighteen months after completion, also due to problems with the Dushanbe Mayor. END NOTE.)

MOUNTAINS APART

¶10. COMMENT: No highways or railways connect Tajikistan and India. Tajik Air cancelled the only direct air flight between Tajikistan and India in 2005 due to serious losses. While President Rahmonov wants to boost its economic and trade relations, opportunities remain limited with Pakistan and Afghanistan standing between Tajikistan and India. The U.S.-funded bridge over Nizhniy Pyanj may help link India to Central Asia and promote regional trade, but in the near future, most of the statements of President Rahmonov will remain as talk rather than real projects. The business climate in Tajikistan has not yet convinced Indian investors that Tajikistan really offers them potential partners. END COMMENT.

HUSHEK